

# 8/14 County Webinar

August 14<sup>th</sup>, 2020

# Agenda

- I. Welcome and Update from Executive Director Julie Lorenz
- II. Recovery Office Updates
- III. New Federal Guidance
- IV. FAQs
- V. Next Steps

Agenda Item I

# Welcome and Update from Executive Director Julie Lorenz



# County Briefing Webinar

**August 14, 2020**

# 138 Days

Until December 30, counting  
today.



**We want to  
be good  
teammates!**



# We play different, important roles

## Recovery Office Role:

- ✓ Offer ideas and showcase best practices to give you more investment ideas
- ✓ Communicate evolving federal guidance, other CARES investments that can supplement your efforts
- ✓ Ensure compliance AND help counties retain their dollars

## County role:

- ✓ Maximize these resources for your community
- ✓ Share your good stories with us
- ✓ Tailor the mix of investments to fit your needs

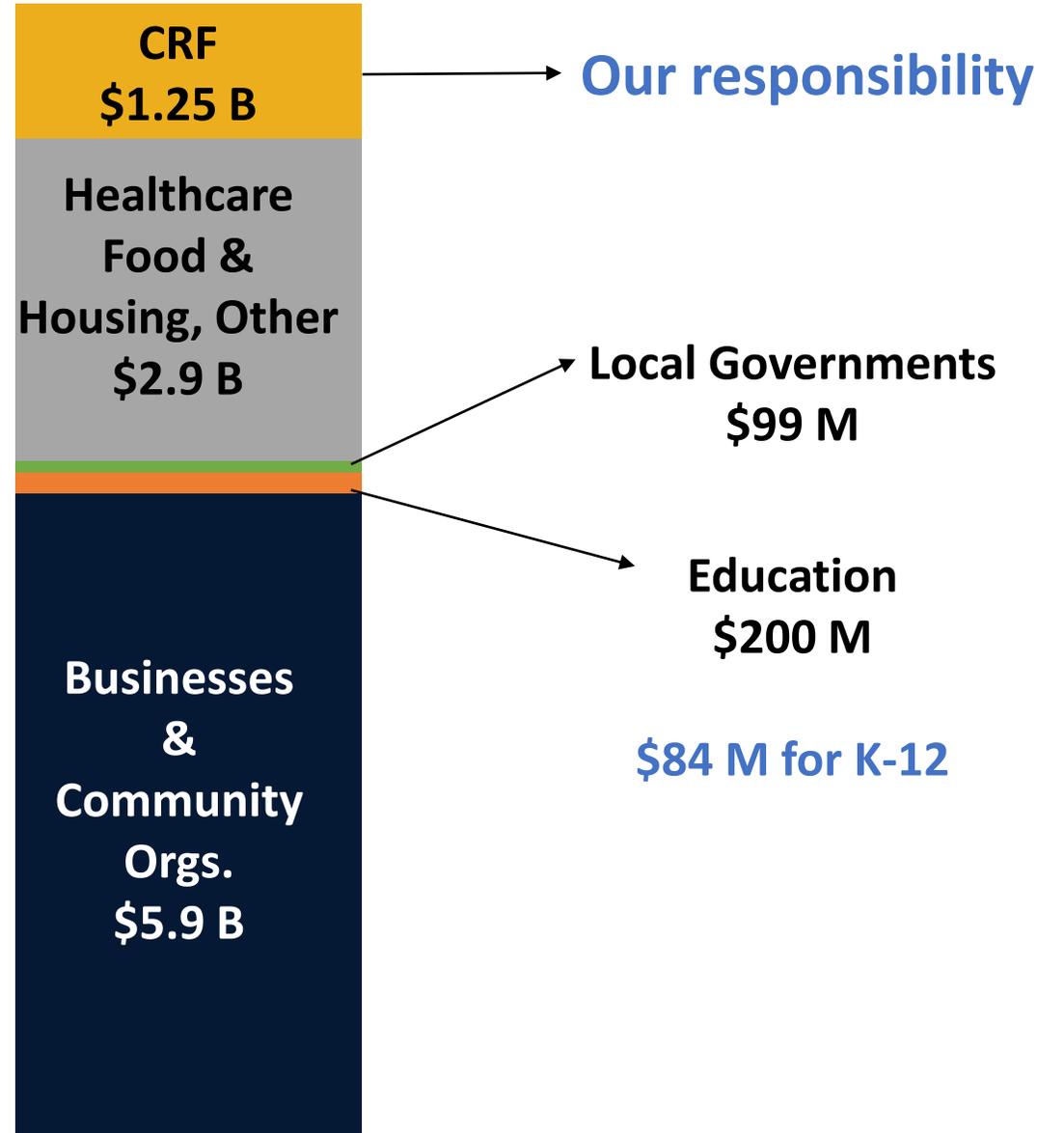




# CARES ACT

## \$10.5 Billion for Kansas total

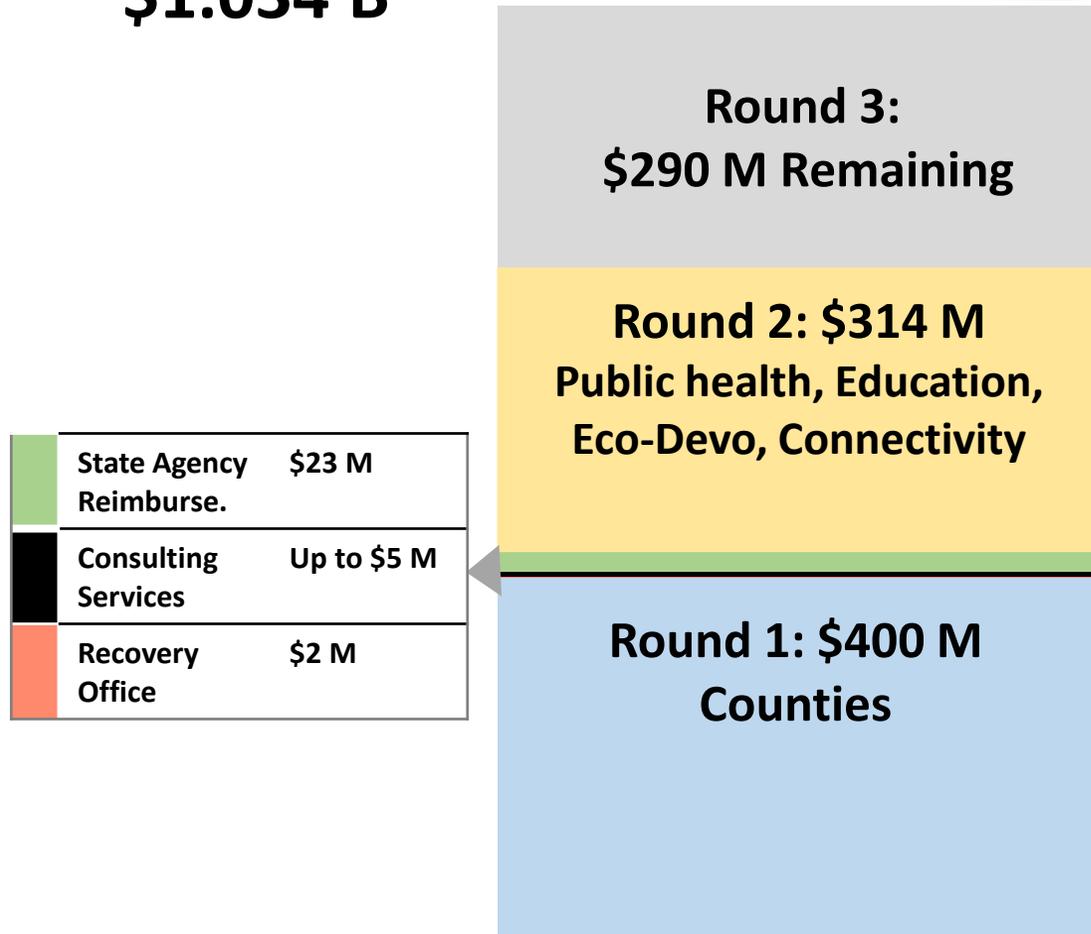
**\$10.5 Billion**





# Total allocations to date

**\$1.034 B**



Our primary focus ahead will be maximizing the investments of round 1 & 2 and identifying the best uses of remaining dollars

# Round 2 Distribution Overview & Accountability



23 Programs  
\$314 M

Applications:  
9 Programs  
\$154 M

- MOU's required
- Ongoing check of progress & funding distribution deadline
- **Ex: Grants to Food Producers**

Direct Transfers:  
12 Programs  
\$152 M

- Direct distribution to agencies, MOU required
- Receipts required
- Unused funds returned for round 3
- **Ex: Cars for Nurses**

Sub-contract:  
2 Programs  
\$8 M

- MOU's required
- Ongoing check of progress & funding distribution deadline
- **Ex: Contact Tracing**



Applications open on Wednesday, Aug. 19 for 10 Economic Development & Connectivity Grants – **please help us get the word out!**

**BACK** *to*  
**BUSINESS**

[www.kansascommerce.gov/covidrelief](http://www.kansascommerce.gov/covidrelief)

## Current Recovery Office Staff & Resources

### New Recovery Office Hires:

- **Alicia Johnson-Turner** - Finance Director
- **Doug Gerber** – County Outreach
- **Megan Parsons** – Performance & Accountability Manager
- **Laura Pryor** – Public Affairs Liaison
  
- **10 State Employees, few FTE's.**
  - Some are temporarily assigned
  - Some have responsibilities to other agencies too
  
- **Exec. Committee & SFC approved up to \$5 M for a consultant to provide accounting expertise & ensure compliance**

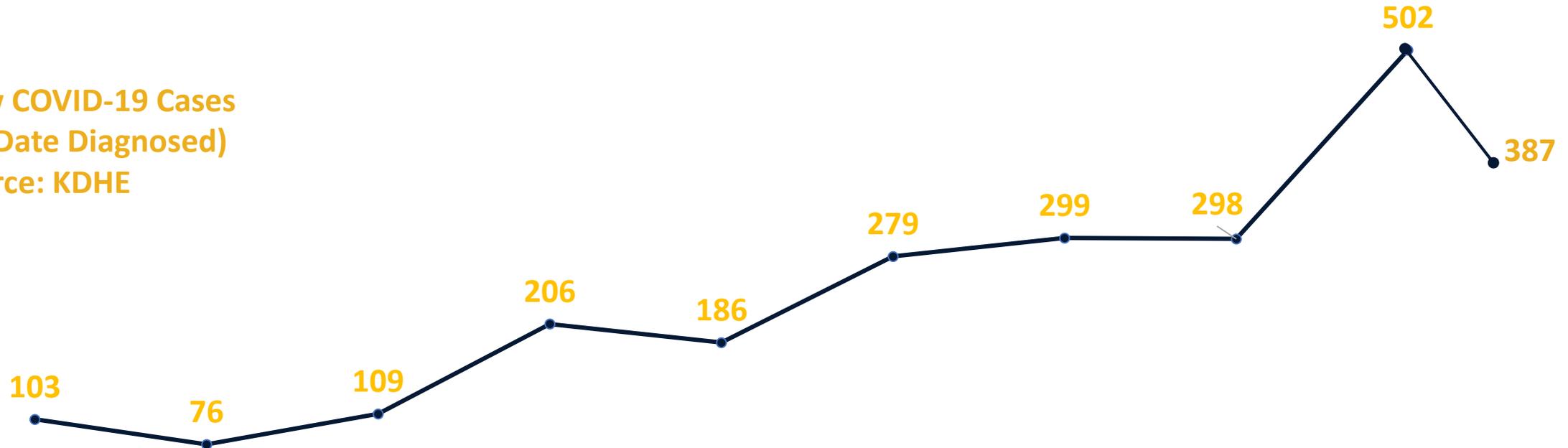


# **SPARK**

## **Implementation Process Overview**

# Factors outside our control require a flexible, responsive process

**New COVID-19 Cases  
(By Date Diagnosed)**  
Source: KDHE



Date	Event
6/2	1 <sup>st</sup> Exec. Cmte. meeting, approves \$400M for counties
6/8	1 <sup>st</sup> Steering Cmte. Meeting
6/15	Exec. Cmte. approves RO Budget & State Agency Reimburse.
6/16	SFC approves \$400M for counties & FY-20 RO Budget
6/22	Exec. Cmte. approves FY-21 RO Budget
6-24	
6-30	SFC approves FY-21 RO Budget
7-2	Exec. Cmte. reviews Steering Cmte. priorities, survey results
7-8	
7/20	Steering Cmte refines 2 <sup>nd</sup> Round proposals
7/22	Exec. Cmte refines, approves 2 <sup>nd</sup> Round proposals
7-31	
8-10	SFC approves round 2 proposals, state agency reimburse. & consulting contract

**Updated Guidance from U.S. Treasury**

# August Major Milestones & Input Opportunities

## AUGUST

3 Executive Committee Meeting • Process, Round 3 considerations

10 SFC Meeting

12 Steering Committee Meeting • Process, Round 3 considerations

14 Target date for some round 2 apps to open

15 County Reports Due

Combined SPARK Meeting **TBD**

- Review 2<sup>nd</sup> Round progress
- Ex. Cmte. approves \$10 M +
- Round table discussions
- Discuss considerations for round 3

31 Target date to have all round 2 apps open



**To meet schedule we must accomplish this month:**

- ✓ Distribute some round 2 funds
- ✓ Get consultant onboard
- ✓ Open applications for round 2

DRAFT

# Sept. Major Milestones & Input Opportunities

SEPT.

1

Submit report to SFC, Kansans • Expenditures to date  
• Round 3 criteria being considered

Stakeholder listening sessions?

7

Begin scoring round 2 apps

10

Begin recoup unplanned round 1 funds

15

Final approval for county spending plans

Combined SPARK Meeting TBD • Review Round 2 selections & finalize Round 3 criteria  
• Ex. Cmte. approves applications exceeding \$10 M

25

Target date for round 3 applications open

**To meet schedule we must accomplish this month:**

- ✓ Select & approve some round 2 projects
- ✓ Open round 3 applications

Days Remaining 91 Days

8/31

9/30

10/31

11/30

12/30

DRAFT

# Oct. Major Milestones & Input Opportunities

OCT.

7 Begin scoring 1<sup>st</sup> batch of round 3 selections

15 Begin rolling recoup of Round 2 funds

Combined SPARK Meeting **TBD**

- Review Round 3 selections
- Develop contingency plans
- Ex. Cmte. approves applications exceeding \$10 M

23 SFC presented round 3 selections for approval, review possible contingency plans

31

**To meet schedule we must:**

- ✓ Approve Round 3 selections
- ✓ Develop contingency plans

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Days Remaining 60 Days

8/31

9/30

10/31

11/30

12/30

## Nov & Dec: Major Milestones & Input Opportunities

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- Ongoing reports of expenditures & progress
- Meetings called, if needed, to implement contingency plans to avoid having to turn back funds
- Target: Final report submitted to SFC, SPARK on Jan. 20

DRAFT

## A notable example

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- Kiowa County reached out to see if there were publication requirements for the plan
- We are not requiring you to publish your direct aid or reimbursement plans – but we encourage you to do so and appreciate your thoughtfulness about the need for transparency.
- And please note we will be sharing data from your reports, so Kansans know how their tax dollars are being invested



Questions?

Agenda Item I

# Update from Department of Commerce – Round 2

# Department of Commerce –Round 2

- Updates
  - Portal at [kansascommerce.gov](https://kansascommerce.gov) opened yesterday at 4pm
  - [www.kansascommerce.gov/covidrelief](https://www.kansascommerce.gov/covidrelief)
  - [backtobusiness@ks.gov](mailto:backtobusiness@ks.gov)
  - All counties are eligible to apply
  - \$130 M for economic development and connectivity
  - August 19 joint executive and steering committee meeting; 10 AM

Agenda Item II

# Office of Recovery Updates

# Office of Recovery Updates

- General Updates

- The Office of Recovery has brought on Doug Gerber as the County Projects Director. We are very excited to welcome him to the team.

- Round One Updates

- We have posted the a single FAQ document with all of questions so far on the website.
- So far, we have provided nearly 400 emails, voicemails, and guidance interpretation responses and continue to respond to general questions via the [recovery@ks.gov](mailto:recovery@ks.gov) email inbox.
- We plan to provide details soon concerning the approval process for plans. We are also working to provide you all a new reporting document to use **beyond** the 8/15 deadline that will incorporate new federal reporting requirements. The forms for the 8/15 deadline will not change.
- Since 8/15 is a Saturday, there will be a grace period until Monday, 8/17 At 5:00PM.
- We have received a number of direct aid plans and reimbursement/reporting spreadsheets. You should receive an email confirmation once submitted.
- We are working to finalize a consultant/accounting contract to help ensure speedy review of these reports.

# Office of Recovery Updates

- Round Two Updates

- On Monday 8/10, the State Finance Council approved the \$60 million in investment for the connectivity, state agency reimbursements, and up to \$5 million for a consultant contract.
- Agencies are finalizing applications for Round 2 programs and we will be releasing more information in the coming weeks as portals open. Look for additional webinars or communications from agencies or from the Office of Recovery.
- Continue to review materials from SPARK Steering and Executive Committee meetings as well as State Finance Council presentations. All materials can be found here: <https://covid.ks.gov/spark-meetings/>

# Office of Recovery Updates

- **Key clarification:**
  - **Q: If a State transfers Fund payment to its political subdivisions, would the transferred funds count toward the subrecipients' total funding received from the federal government for purposes of the Single Audit Act?**
    - **A:** Yes. The Fund payments to subrecipients would count toward the threshold of the Single Audit Act and 2 C.F.R. part 200, subpart F re: audit requirements. Subrecipients are subject to a single audit or program- 11 specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.
  - **Q: Are counties permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act??**
    - **A:** Yes. Recipients are permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act. Subrecipients are subject to a single audit or program- 11 specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.
  - **We are expecting additional guidance on the ability to hold funds beyond 12/30 for a federal audit.**
  - **We have posted Federal Audit Requirement Guidance on the covid.ks.gov website.**

# Office of Recovery Updates

- Additional key clarifications:
  - **Our county is finalizing our plan and has been reviewing its proposed programs with the county commission. At our most recent review the county counselor asked if there were any publication requirements for the overall plan. I don't recall any requirements being mentioned in any of the webinars or other guidance, but wanted to check with the Recovery Office just to be sure. Even absent a publication requirement the county would like to be as open and transparent about our planned use of these funds as possible. Can the county publish a summary accounting of our plan on our website? Should we wait until our plan receives state approval before doing so?** There are no publication requirements for your reimbursement or direct aid plan. We applaud your commitment to transparency and encourage you to publish a summary once you receive approval from the Office of Recovery. Thank you!
  - **How can we review the Department of Treasury OIG webinars?** The link to the recent PowerPoint is here: <https://www.treasury.gov/about/organizational-structure/ig/Audit%20Reports%20and%20Testimonies/OIG-CA-20-027.pdf>. There is not a link to the webinars, but we will post additional guidance as we become aware of it.
  - **If grants to small businesses count as taxable income for them, is there guidance on how to report this (ie use a 1099)?** Please have the small business consultant with a tax advisor on the most appropriate way to report the income for their specific situation.

# Next Steps for Guidance Interpretation Requests

- **We would like counties to utilize resources like their county counsel and FAQs to make county-level determinations as much as possible for eligibility of expenses.** Consult the federal guidance, state FAQs, webinars, internal legal staff and other resources as much as possible and ensure that you can provide a clear justification for why that expense is necessary to combat COVID-19 or its economic impacts on your counties.
- **Start with necessary COVID-19 priorities, and then determine what goods, programs, etc. are needed to support those priorities.** Not the other way around. This will help ensure that all items are necessary COVID-19 expenses.
- **We will continue to communicate federal guidance as it comes in.** Counties should try to make determinations on one-off eligibility questions as much as possible.

# Prioritizing Community Level Investments

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- State Round 2 and 3 intended to address state-wide priorities to mitigate the spread of COVID-19 and address the secondary impacts of the disease on the entire state. Round 1 funds are intended to help counties prioritize and address community-level impacts of the COVID-19 pandemic.
- Continue to provide reimbursements to institutions even if they are eligible for state investments for other priorities. Rules on duplication of funds still apply – no cost may be reimbursed twice.
- Continue to create business/other grant programs as you deem necessary, the state programs do not have enough funds to cover all the demand and are intended to support your investments.
- Continue to prioritize critical community level investments with your remaining funds to support priorities like rent/utility assistance, business/childcare support, nursing home support, etc. Use the toolkit and webinars for ideas.

# Ideas for county investments



- Counties can follow this guidance to align priorities to state themes for investments

INVESTMENT IDEAS BY COUNTY OBJECTIVE				
STATE-LEVEL FOCUS AREAS	1. Making our public institutions whole	2. Protecting the health of Kansans, now and beyond	3. Ensuring that businesses and non-profits can re-open safely and rebound from COVID-19	4. Building resilient communities
 <p><b>HEALTH</b> <i>Advance public health and respond to future outbreaks</i></p>	<ul style="list-style-type: none"> <li>Reimbursement for already incurred health costs such as protective equipment, testing supplies, EMS, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Testing</li> <li>Medical Supplies</li> <li>Emergency Management</li> <li>Contact Tracing</li> <li>County jail grants</li> </ul>	<ul style="list-style-type: none"> <li>Grants for public health infrastructure improvements</li> <li>Funds for PPE, supplies, digital thermometers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Vaccine deployment Investments</li> <li>90 supplies of equipment</li> <li>Expand contract tracing infrastructure</li> </ul>
 <p><b>CONNECTIVITY</b> <i>Enable remote connectivity through investments in technology and digital infrastructure</i></p>	<ul style="list-style-type: none"> <li>Reimbursements for already incurred connectivity costs such as laptops, telemedicine equipment, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Telehealth technology investments</li> <li>Digital infrastructure grants for hospitals and clinics</li> </ul>	<ul style="list-style-type: none"> <li>Software and hardware improvements for post-COVID workplaces</li> <li>Remote work support and investments</li> </ul>	<ul style="list-style-type: none"> <li>Broadband Investments</li> <li>Training and digital infrastructure improvements to improve inter-agency coordination</li> </ul>
 <p><b>ECONOMIC DEVELOPMENT</b> <i>Protect livelihoods of affected individuals, invest in communities, and support businesses</i></p>	<ul style="list-style-type: none"> <li>Reimbursements for already incurred economic development costs such as existing COVID-19 grant programs to business, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Programs to care for homeless populations</li> <li>Funds for food distribution and inventory</li> <li>Grants to senior-care centers for health expenses</li> <li>Evictions and rent assistance</li> </ul>	<ul style="list-style-type: none"> <li>Grants for small businesses and non—profits</li> <li>COVID-19 related workforce retraining programs</li> <li>Worker support and hazard pay programs</li> </ul>	<ul style="list-style-type: none"> <li>Unemployment insurance</li> <li>Childcare and early childhood investments for essential workers</li> </ul>
 <p><b>EDUCATION</b> <i>Provide quality education and resources to all students</i></p>	<ul style="list-style-type: none"> <li>Reimbursements for already incurred education costs such as tech for distance learning, training for teachers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>School-based mental health</li> <li>Safety and health supplies for schools</li> <li>Distance Learning support</li> <li>Technology for students</li> </ul>	<ul style="list-style-type: none"> <li>Funding for student-focused non-profits for remote services</li> <li>Grants to childcare providers for operating costs, health supplies</li> </ul>	<ul style="list-style-type: none"> <li>School Infrastructure Investments</li> <li>School Lunch and food delivery investments</li> </ul>

*\*All investments must meet CARES Act spending requirements\**

Agenda Item III

# New Federal Guidance

# Updates from the 8/10 Federal Guidance

- The updated federal guidance as of 8/10 can be found here:  
<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>
- Questions 49-52 are new additions:
  - **Are States permitted to use Coronavirus Relief Fund payments to satisfy non-federal matching requirements under the Stafford Act**
    - Yes. As previous guidance has stated, payments from the Fund may be used to meet the non-federal matching requirements for Stafford Act assistance to the extent such matching requirements entail COVID-19-related costs that otherwise satisfy the Fund's eligibility criteria and the Stafford Act. States are fully permitted to use payments from the Fund to satisfy 100% of their cost share for lost wages assistance recently made available under the Stafford Act.
  - **If governments use Fund payments as described in the Guidance to establish a grant program to support businesses, would those funds be considered gross income taxable to a business receiving the grant under the Internal Revenue Code (Code)?**
    - Yes. The receipt of a government grant by a business generally is not excluded from the business's gross income under the Code and therefore is taxable. However, a grant made by the government of a federally recognized Indian tribe to a member to expand an Indian-owned business on or near reservations is excluded from the member's gross income under the general welfare exclusion. For more information:  
<https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>

# Updates from the 8/10 Federal Guidance

- Questions 49-52 are new additions:
  - **If governments use Fund payments as described in the Fund Guidance to establish a loan program to support business, would those funds be considered gross income taxable to a business receiving the loan under the Code?**
    - Generally, the receipt of loan proceeds is not included in gross income. However, if the government forgives all or a portion of the loan, the amount of the loan that is forgiven is generally included in gross income of the business and is taxable unless an exclusion in section 108 of the Code or other Federal law applies. If an exclusion applies, an equivalent amount of any deductions, basis, losses or other tax attributes may have to be reduced in accordance with the Code or other Federal law.
  - **At what point would costs be considered to be incurred in the case of a grant made by a State, local, or tribal government to cover interest and principal amounts of a loan, such as might be provided as part of a small business assistance program in which the loan is made by a private institution?**
    - A grant made to cover interest and principal costs of a loan, including interest and principal due after the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”), will be considered to be incurred during the covered period if (i) the full amount of the loan is advanced to the borrower within the covered period and (ii) the proceeds of the loan are used by the borrower to cover expenses incurred during the covered period. In addition, if these conditions are met, the amount of the grant will be considered to have been used during the covered period for purposes of the requirement that expenses be incurred within the covered period. Such a grant would be analogous to a loan provided by the Fund recipient itself that incorporates similar loan forgiveness provisions. As with any other assistance provided by a Fund recipient, such a grant would need to be determined by the recipient to be necessary due to the public health emergency.

# What expected info wasn't included in the new round of Federal Guidance?

- Capital projects like the construction of new building – it was mentioned briefly on the 8/6 webinar that only construction projects for “temporary facilities, buildings, etc.” are allowed. **We are still waiting for more information on this new guidance and what it means for you.**
- US Senate adjourned 8/13; no action on additional stimulus until after Labor Day
- We are still waiting for additional information on:
  - Litigation Defense Costs
  - Setting aside funds for close-out costs like a potential audits
  - **Payroll Costs / Substantially Dedicated / Public Safety / Public Health**
    - Feds may tighten up eligible payroll expenses, we recommend taking a more conservative approach to payroll (avoid crediting entire agencies to CRF) and focusing on community-level investments
  - Expenses of Tax Anticipation Notes
  - Construction projects and other capital investments

# New Federal Reporting Requirements as of 7/31

- The new guidance requires the state to report additional project information on the status of programs, including new expenditure categories to further clarify areas of spending.
- It also requires contracts, grants, transfers, direct payments, and loans of greater than \$50,000 to be reported along with specific information (amount, borrower, obligation amounts) for each entry.
- **What does this mean for counties?** At this time, this new guidance does **not** change any of the reporting forms you are required to submit by 8/15. However, we are reviewing what additional information will be needed from counties for subsequent reports. If there are any substantial changes required for your accounting practices, we will notify you in the coming week.

# New Federal Reporting Requirements as of 7/31 cont.

- The reporting spreadsheets for the 8/15 deadline will not change.
- For reporting beyond the 8/15 deadline, we will provide you a new reporting spreadsheet that incorporates the new federal requirements. That new Excel spreadsheet will allow you to accurately track monthly expenditures for you and your sub-recipients. It will be very similar to the spreadsheet you and your sub-recipients have already been filling out.

Agenda Item IV

# FAQs

# Selected FAQs

- **Q: Will the state allow encumbrances for expenditures using CRF funds?**
  - A: Performance or delivery of a cost must occur during the Covered Period of March 1 – December 30, 2020. There is some flexibility in payment of funds past 12/30, but the goods or services still have to be incurred during the allowed period of 3/1 – 12/30. So, if you buy PPE in November, you must use at least a portion of it by 12/30 (unless there is a supply chain disruption) but you can make the payment for that PPE up to 90 days after. Accordingly, if the expenditure is for something that cannot be delivered and used during that time period, it is not eligible. The guidance gives some flexibility for unforeseeable delays during delivery, but if you know the good or service cannot be delivered and used before December 30, it is not an eligible expense.
- **Q: Can CRF funds be used for the 25% FEMA match requirement?**
  - A: Yes. FEMA has relaxed the 25% required non-federal matching requirement, so you may use CRF Funds for the FEMA 25% match.
- **Q: Can county business grants be used to pay for federal loan programs?**
  - A: There is not clear federal guidance on this question and businesses should consult their accounting staff or the terms of the loan provided to them by the federal government. We would generally recommend that businesses do not use county funds to pay for federal loan programs to avoid potential issues with duplication of funds.

# Additional Selected Clarifications

- Payroll reporting:
  - All payroll reporting needs to be in a single line item for each job position, on the county and/or the subrecipient expenditure report. Payroll costs cannot be combined into one line item due to the potential complications as a result of ambiguous reporting.
  - If a single employee's entire salary is eligible for reimbursement, even if they were paid bi-weekly, that one employee's salary may be reported in one line item. Note in the comments the dates/pay periods encompassed in the requested reimbursement.
  - The EIN column is highly recommended to be filled out on your report but not required. If the EIN is difficult to obtain, the vendor name is sufficient. For example, the vendor name would be the name of the company providing the product, not Amazon.
- Hazard Pay
  - Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19. The Guidance says that funding may be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Hazard pay is a form of payroll expense and is subject to this limitation, so Fund payments may only be used to cover hazard pay for such individuals. The county must make the determination that the employees receiving hazard pay were specifically and substantially dedicated to mitigating or responding to the COVID-19 public health emergency. General hazard pay across the board for all employees regardless of their activities is not allowed.

Agenda Item V

# Next Steps

# Reminder: Updates to the Direct Aid Template

- New Direct Aid Template and associated memo are posted on <https://covid.ks.gov/spark-recovery-office/>
- This document should **not** be used to record already incurred expenditures or reimbursements, it is **not** a reporting form
- What has changed?
  - There are now three types of tabs: planned independent expenditures, program tabs, and transfer tabs.
  - The program tab now includes a budget narrative to ensure that there are justifications for all expenditures.
  - All transfers to schools, cities, etc. should now be in a separate transfers tab, with itemized expected expenditures for that transfer.

# Reporting and Planning Overview for August 15<sup>th</sup> Deadline

- By **August 15<sup>th</sup>** (grace period until 8/17 at 5:00PM) you will submit two documents to the Office of Recovery through the online submission portal:

## County Reimbursement Reporting Form

- Presented during the July 9<sup>th</sup> Webinar
- Official reporting document to track reimbursements for the reporting period of **March 1<sup>st</sup> – July 31<sup>st</sup>**
- Reimbursements can be either for the county or for subrecipients.
- To be used for accounting and compliance purposes.

## Direct Aid Planning Form

- Presented during the July 10<sup>th</sup> webinar.
- A planning tool used to outline spending plans for remaining funds. Should incorporate all funds not accounted for in the reimbursement reporting form. **Must be approved before direct funds are spent.**
- Can include transfers to sub-recipients, county level planned spending, or new programs.
- Can be amended as needed beyond August 15<sup>th</sup>.

# Next Steps

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- We have received a number of direct aid plans and reimbursement/reporting spreadsheets. Since 8/15 is a Saturday, there will be a grace period until Monday, 8/17 At 5:00PM.
- Next Webinar: August 21<sup>st</sup>, 2:00 PM
- As mentioned, we ask that counties try to make expenditure reasonability determinations themselves as much as possible. Continue to evaluate if expenditures are necessary for COVID-19.
- August 19 joint executive and steering committee meeting; 10 AM